# ADVERTISING REVIEW BOARD

# ANNUAL REPORT 2009/10

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## Message from the Chair

The past year was another busy and productive one for the Advertising Review Board (ARB), in discharging its responsibilities as the Ontario government's primary contact with the advertising and communications industries.

During 2009/10 the ARB's operations continued to focus on the competitive acquisition of services to fulfill a broad range of advertising, public and media relations, and creative communications requirements for government ministries and agencies. These included:

- Finalizing the open competitions to establish the first enterprise-wide graphic design and creative services Vendor of Record (VOR) and a corporate writing, editorial and editorial research services VOR;
- Completing an open competitive process to formalize a new advertising and direct marketing services pool for the Ontario Lottery and Gaming Corporation;
- Overseeing 35 second stage supplier selections for government clients involving the assignment of projects to companies in the corporate advertising, public relations, and multicultural and Aboriginal marketing communications services pools; and
- Providing counsel and guidance to ministries and government agencies with 25 second stage selections from the newly contracted VOR arrangements.

Over the past 12 months, a number of key activities were undertaken to strengthen the ARB's operating procedures, enhance the services and value it provides to government clients, and ensure compliance with government procurement guidelines and policies, as well as corporate audit requirements. The most noteworthy of these efforts were:

- Funding three unique corporate and multicultural advertising initiatives through the Corporate Communications Program;
- Holding client educational seminars on the July 2009 changes to the Management Board of Cabinet *Procurement Directive on Advertising, Public and Media Relations, and Creative Communications Services*;
- Conducting new supplier orientation sessions and developing User Guides for the graphic design and creative services, and writing, editorial and editorial research services VORs;
- Providing counsel and advice to other government entities, including Ontario Power Authority and Elections Ontario, with respect to best practices for the acquisition of advertising and communications services;
- Participating on the judging committee that evaluated responses to the Vancouver 2010 Olympic and Paralympic Winter Games request for proposals opportunity for the design, construction and programming of the Ontario Pavilion;
- Fulfilling the role of fairness monitor for several second stage supplier selections conducted by the Ontario Lottery and Gaming Corporation; and
- Liaising with the two media agencies of record on behalf of the Office of the Auditor General of Ontario to coordinate the reporting of 2008-09 media expenditures for reviewable ministry advertising items under the *Government Advertising Act, 2004*.

Feedback from ministry and government agency clients continues to be highly positive, reflecting strong levels of confidence and trust in the ARB, and the value placed on its advisory role and expertise in the timely and effective procurement of advertising, public and media relations, and creative communications services.

We are pleased the ARB has established itself as a credible body over the years, not only with internal stakeholders but also among external constituents. This is a tribute to the leadership and reputation of ARB's senior management and members of the Board, each of whom brings extensive advertising and communications industry experience to their roles.

I wish to express my thanks to ARB management and staff for their dedicated work and professionalism, and to Private Sector Members for their sound judgment and support throughout the past year. They continue to be exemplary in their efforts to represent the best interests of the ARB, as well as the Ontario government, and have been influential in shaping the profile of the organization within key communities.

On behalf of the entire ARB team, we look forward to further building and enhancing our service levels, and the value we provide to government clients in the years ahead.

Michel Frappier
Chair
Advertising Review Board

## Background and Mandate

Established in September 1985, the Advertising Review Board (ARB) is a regulatory agency of the Ministry of Government Services (MGS).

Under the authority of the Management Board of Cabinet (MBC) *Procurement Directive on Advertising, Public and Media Relations, and Creative Communications Services*, the ARB is designated as a Mandatory Central Common Service for the procurement of Ontario government advertising and communications services, to ensure ministries and government agencies acquire these services in a manner that is fair, open, transparent and accessible to qualified suppliers.

The ARB creates all corporate Vendor of Record (VOR) arrangements through open competitive first stage processes, develops and undertakes second stage competitive selection of contracted suppliers to perform work for government clients, and conducts non-competitive procurements, as required.

Additionally, the organization monitors and reports on compliance with communications procurement policy and guidelines, and ensures procedures are in place to evaluate the effectiveness of advertising, public and media relations, and creative communications services contracts.

The mandate of the ARB is to:

- Function as the Ontario government's primary contact with the advertising and communications sectors;
- Provide ministries and government agencies with assistance and advice on the acquisition of advertising and communications services;
- Establish all mandatory, corporate VOR arrangements for advertising, public and media relations, and creative communications services through open competitive processes;
- Conduct all competitive and non-competitive procurements, including second stage selection from existing corporate VOR arrangements, with an estimated contract value* of $100,000 or more;
- Conduct, when requested by client ministries and agencies, competitive and non-competitive procurements, including second stage selection from existing VOR arrangements, with an estimated value of $25,000 to $99,999; and
- Monitor and report on ministry and government agency compliance with the MBC *Procurement Directive on Advertising, Public and Media Relations, and Creative Communications Services*.

The ARB carries out its mandate by forming corporate contract arrangements, e.g. pools and VORs, of approved advertising, communications and creative services suppliers that are authorized to bid competitively for Ontario government projects.

** Contract value refers to agency fees, production and third-party costs*

The open competitions to establish these entities are extensive and rigorous, and are conducted by the ARB in strict adherence to the principles of fairness, accessibility and transparency that conform to government procurement guidelines and policies.

Specific client projects are competitively awarded on the basis of supplier capability, merit and value for money. All second stage selections from established corporate arrangements need to involve at least three ARB-recommended candidates from the appropriate supplier pool or VOR for contracts valued at $25,000 or more.

Effective July 2009 services totalling less than $25,000 must also be acquired through established corporate arrangements. Ministries and agencies are required to select at least one candidate, and are encouraged to invite up to three candidates, to submit a competitive bid or proposal. Where the required services are not covered by mandatory corporate arrangements, clients must undertake an appropriate competitive process.

Contracts cannot be split to allow for the awarding of multiple contracts to the same supplier, each valued at less than $25,000 but totalling more than $25,000. Each contract must be unique and the terms of reference must be substantively different.

Another new procurement imperative introduced in July 2009 is the requirement for all communications consulting, e.g. public and media relations, contracts to be competitively awarded, regardless of value.

## Overview of Programs and Activities

### Procurement of Advertising and Communications Services

The primary activity of the Advertising Review Board (ARB) is the fair and transparent procurement of advertising, public relations and creative communications services. The organization has well-established procedures in place to fulfill this mandate.

Every year, three to five open competitive first stage processes are conducted to fulfill corporate and/or specific government client organization requirements. Each process takes a minimum of two to three months to complete and there is often considerable overlap. Depending on the type of open competition undertaken to acquire the services, these processes involve the independent evaluation of written proponent submissions and may also include the review of short-listed candidate capability presentations by selection panel members.

Large-scale ARB open competitions used to create the corporate supplier pools and Vendors of Record (VOR) are particularly demanding. For example, the process for establishing the 2008 advertising and marketing communications services pools required three separate procurement documents and terms of reference (one for each pool). The review panel evaluated a total of 75 written candidate proposals in less than four weeks and judged 44 final capability presentations during an eight-day period.

Selection panels typically consist of the ARB Chair and/or Managing Director, with one or more Private Sector Members and up to two senior client representatives.

Corporate advertising and communications services pools and VORs established for mandatory use by ministries and agencies, and managed by the ARB, include:

- Three separate advertising and marketing communications services pools comprised of a total of 32 companies;
- Public relations and communications services pool of 18 firms;
- Multicultural and Aboriginal marketing communications services pool of 8 suppliers;
- Graphic design and creative services VOR of 114 companies;
- Writing, editorial and editorial research services VOR of 94 writers;
- Media buying agency of record (AOR); and
- AOR for recruitment advertising and regulatory, statutory and tender notices.

Contracted suppliers in the corporate pools and VORs are required to be available to bid for future government projects on a non-exclusive basis. There is no guarantee of any dollar volume of work or that projects will be allocated equally, a condition that all interested and successful proponents are made aware of in writing.

Specific ministry and agency projects are awarded to corporately contracted suppliers on the basis of competitive second stage selection. When client requirements cannot be serviced by existing corporate arrangements, due to unique and/or highly specialized

supplier requirements or timing, consideration is given to undertaking a dedicated open competitive process to fulfill those needs.

In order to initiate a second stage supplier selection for the procurement of advertising and communications services, government client organizations are required to provide a detailed project brief to the ARB. This document outlines the scope of project services and deliverables, as well as the necessary supplier skill sets and capabilities.

The ARB recommends three or more candidate suppliers from the appropriate pool or VOR arrangement, who are invited, with a minimum five working days' notice, to make capability presentations or submit written proposals in response to the specific client briefing document. These are evaluated by a selection panel comprised of ARB and/or client representatives, in accordance with the estimated total contract value.

Second stage supplier selections are determined by client needs, relevant supplier capabilities and experience, demonstrated results on previous projects and proposed professional fees. These criteria are judged by the scoring panel based on the proven ability of candidates to successfully service client requirements.

Any proponent may request a debriefing on their written submission and/or capability presentation following the completion of an open competitive first stage process or invitational second stage supplier selection. For primary open competitions, short-listed candidates who are not awarded a contract are automatically offered a debriefing.

Debriefing sessions consist of a quantitative and qualitative review of the proponent's submission and/or presentation. Industry response to ARB debriefings has always been highly positive. Many suppliers have reported that they have been able to successfully leverage this feedback to improve their subsequent submissions and/or presentations.

**Corporate Communications Program**

The ARB administers the Corporate Communications Program which funds advertising campaigns in diverse community and Aboriginal media. It is also available for corporate and multi-ministry initiatives. Client ministries must formally submit a funding request to the ARB and provide full program details.

**Reporting**

Monitoring compliance with the Management Board of Cabinet (MBC) *Procurement Directive on Advertising, Public and Media Relations, and Creative Communications Services* is undertaken by ongoing reviews of media buying activities and by reporting annually on the use of advertising and communications services by ministries and government agencies.

The *Government Advertising Act, 2004* includes a requirement for the Office of the Auditor General to report on annual ministry expenditures for reviewable advertising items. The media buying AOR is a primary source for this information.

## Review of Operations

Three large-scale open competitions were finalized by the ARB during 2009/10.

### ARB Open Competitive First Stage Process (Non-MERX)

The 15-week procurement process to appoint a pool of advertising and direct marketing services suppliers for Ontario Lottery and Gaming Corporation (OLG) lines of business was structured and implemented as an ARB open competitive first stage process, and did not utilize the MERX electronic-tendering system. This competition was successfully concluded in Q1 with the award of non-exclusive three-year contracts to six companies.

Developed by the ARB to provide qualified advertising and communications services suppliers with fair and equitable access to Ontario government business, this type of open competition is extensive, rigorous and transparent.

In accordance with established ARB best practices, the process to create the new OLG advertising and direct marketing services pool began with a notice calling for letters of intent to compete. To comply with inter-provincial trade agreements, this was published nationally in *The Globe and Mail ROB, Adnews, Marketing Magazine* and *National Post* in Q4 2008/09.

Interested parties were required to respond in writing by a specific closing date, which was 15 days from the first publication date of the competition notice. All 91 respondents were invited to attend the mandatory briefing session where the competitive process was explained, the client service requirements outlined, and a procurement package provided that included the key competition dates, the account profile with full contract details, capability questionnaire, conflict of interest and tax compliance declarations, and pro forma agreement. Proponents were required to attend the mandatory briefing in order to participate in the competition. There was an opportunity for proponents to ask questions at this meeting.

Proponents were required to make a written submission in response to the questions contained in the capability questionnaire. Questions related directly to the capabilities and credentials of candidate companies, and had assigned points values (for a total of 100 points). Proponents submitted the required number of copies of their proposal by a specific due date and time in order to qualify as candidates. These were provided to review panel members, who scored independently against the questionnaire values.

The competition selection panel consisted of the ARB Chair, ARB Managing Director, an ARB Private Sector Member with an extensive background in advertising, and two OLG Vice Presidents of Marketing.

Following the independent evaluation of 53 written submissions, a proponent short-listing meeting was held by panel members in order to review the candidate scores. Only submission scores of 65% or higher were considered eligible to advance to the short list.

The 11 short-listed proponents were invited to a secondary mandatory briefing where the next stage of the competitive process was explained and another opportunity for questions provided. The final stage for this competition required candidates to make capability presentations to the review panel, to further demonstrate their capabilities, credentials and relevant experience against an additional rating sheet of requirements. Capability presentation rating sheets were distributed at this meeting and lots were drawn for the order of presentation times. No further contact between proponents and the review panel was allowed.

At the conclusion of the final capability presentations, the review panel convened and candidate scores were tabulated. The final number of suppliers for this multiple contract award was determined by the panel. Only those candidates with presentation scores of 65% or higher were considered eligible for appointment to the OLG advertising and direct marketing services pool.

The final supplier recommendation was authorized by OLG prior to the awarding of contracts, in accordance with the MBC *Procurement Directive on Advertising, Public and Media Relations, and Creative Communications Services*, which requires that contracts valued at $100,000 and more be approved by the client ministry Deputy or government agency CEO.

**Open Competitive First Stage Process Utilizing MERX**

Initiated in Q4 2008/09 and finalized in Q1 following approval by the Deputy Minister of Government Services, the open competitions to establish new enterprise-wide graphic design and creative services, and writing, editorial and editorial research services VORs generated an overwhelming response from industry.

Separate procurement documents were posted on MERX and supported with national competition notice advertisements in *The Globe and Mail ROB, Marketing Daily* and *National Post* (a direct link to MERX was embedded in the *Marketing Daily* online ad). These documents were downloaded by a total of 439 interested parties.

The review panel for each competition included two ARB Private Sector Members and a senior Ontario government communications representative.

- **Graphic Design and Creative Services VOR**: 114 suppliers were awarded non-exclusive contracts for a three-year term, following a 12-week process that involved the evaluation of 141 written submissions from candidate companies;
- **Writing, Editorial and Editorial Research Services VOR**: 94 writers were awarded non-exclusive contracts for a two-year tem following an intensive 11-week period that required the review of written proposals from 186 individual proponents.

Successful suppliers all achieved a minimum submission score of 65%. Due to the outstanding quality of the majority of proponent responses to the writing services VOR opportunity, only average submission scores of 85% or higher were considered.

## Second Stage Supplier Selections

In 2009/10 a majority of ARB activity was dedicated to the timely and appropriate second stage selection of contracted pool and VOR suppliers to fulfill the advertising, public and media relations, and creative communications services needs of ministries and agencies.

## Advertising, Public Relations and Multicultural/Aboriginal Marketing Communications Services Pools

A total of 35 competitive and non-competitive procurements valued* at $25,000 or more were completed on behalf of 22 government organizations from the advertising, public relations, and multicultural and Aboriginal marketing communications services pools. The processes for assignments valued at less than $100,000 were managed by client ministries and agencies under the direction and guidance of the ARB.

There were 19 advertising and marketing communications services assignments that included 15 competitive and four non-competitive contracts (three of which represented project continuations).

### 2009/10 Advertising Pools Assignments

**ARB Managed Processes**

| Ministry/Government Agency | Project | Company |
|---|---|---|
| Cabinet Office | Employment Insurance Program Campaign | Agency59 |
| Children & Youth Services | Ontario Child Benefit Multicultural Campaign [1] | Balmoral Marketing |
| Education | Differentiated Instruction Program [2] | Groundzero Marketing Communications |
| Energy & Infrastructure | Ontario Home Energy Savings Program Campaigns | Publicis Canada |
| Environment | Add-It Up Website Digital Marketing Communications | Allard-Johnson Communications |
| Finance | Ontario Savings Bonds Campaigns | FUEL Advertising |
| Government Services | Corporate Visual Identity System | GJP Advertising |
| Government Services | ServiceOntario Advertising & Marketing Communications | Ogilvy & Mather Canada |
| Health & Long-Term Care | Drug Systems Reform Digital Communications | BBDO Canada |
| Health & Long-Term Care | H1N1 Post-Secondary Student Outreach Campaign [3] | Partners + Edell |
| Health & Long-Term Care | Integrated Cancer Screening Value Strategy Campaigns | BBDO Canada |
| Health & Long-Term Care | Low Income Youth Dental Public Education Campaign | Partners + Edell |
| Health & Long-Term Care | Lyme Disease Public Education Campaign | Rao, Barrett & Welsh |
| Health Promotion | Social Marketing Projects [2] | FUEL Advertising |
| Labour | Interactive Online Tools: ESA & OHSA Employer/Employee Education Support | Cossette Communication Group |
| Liquor Control Board of Ontario | Social Responsibility Marketing Campaigns [2] | Due North Communications |
| Liquor Control Board of Ontario | Social Responsibility Marketing Campaigns | Due North Communications |
| Revenue | Comprehensive Tax Reform Package Public Education | Marshall Fenn Communications |
| Training, Colleges & Universities | International Student Outreach Campaigns | Partners + Edell |

***Notes:*** *[1] Multicultural & Aboriginal Marketing Communications Services Pool*
*[2] Non-Competitive re: continuation/completion of work initiated under a previous competitively awarded contract*
*[3] Non-Competitive*

** Agency fees, production and third-party costs*

As well, 16 different public relations and communications services awards were made, including 15 competitive awards and one non-competitive procurement.

## 2009/10 Public Relations Pool Assignments

**ARB Managed Processes**

| Ministry/Government Agency | Project | Company |
|---|---|---|
| Cabinet Office | Media Coaching (Multiple Ministries) | Fleishman-Hillard Canada |
| Education | 2009 Circle of Light Conference: First Nation, Métis & Inuit Education Policy Framework | Edelman Canada |
| Education | Bluewater District School Board Strategic Communications [1] | OEB Enterprise |
| Education | Education Research Symposium | OEB Enterprise |
| Education | Ontario Education Summit | OEB Enterprise |
| Education | Passport to Prosperity Campaign | Hill & Knowlton Canada |
| Energy & Infrastructure | Public Relations & Communications Services | Veritas Communications |
| Metrolinx | GO2020 & Metrolinx Big Move Community Engagement | Mansfield Communications |
| Natural Resources | Review/Modernization of Ontario's Forest Tenure & Pricing System | NATIONAL Public Relations |
| Ontario Infrastructure Projects Corporation | Strategic Communications | Fleishman-Hillard Canada |
| Ontario Realty Corporation | Toronto Accommodation Plan | Media Profile |
| Revenue | Comprehensive Tax Reform Package Public Education | GCI Group |
| Tourism | Proposed Revitalization of Ontario Place Corporation | Mansfield Communications |
| Tourism | Vancouver 2010 Olympic & Paralympic Games: Marketing Ontario to Business Leaders | Devon Group |

**Client Managed Processes** [2]

| Ministry/Government Agency | Project | Company |
|---|---|---|
| Environment | Toxics Reduction Act, 2009 Stakeholder Consultations | Argyle Communications |
| Office of the Fairness Commissioner | Public Relations & Communications Services | OEB Enterprise |

***Notes*** *[1] Non-Competitive [2] Services totalling $25,000 to $99,999*

## Graphic Design and Writing Services VORs

Following the formalization of the corporate graphic design and creative services, and writing, editorial and editorial research services VORs in May 2009, the ARB has been highly active in providing training and advice to ministry and agency clients on the use of these new supplier arrangements. Fourteen second stage procurements (13 graphic design awards and one writing services contract) were completed for government client projects valued at $100,000 or more. Another 11 supplier selections (5 graphic design and 6 writing services) were undertaken by client organizations for contracts between $25,000 and $99,999.

The ARB also managed an invitational second stage competitive selection involving nine candidates from the corporate graphic design and creative services VOR in order to establish a short list of six suppliers for the Ministry of Economic Development and Trade, Investment and Trade Division Marketing Branch.

### Fairness Monitoring

Fairness Monitoring support was provided for three invitational second stage selections managed by the Ontario Lottery and Gaming Corporation from its pool of advertising and direct marketing suppliers to ensure these adhered to the published procurement terms and procedures, and that all proponents were treated equally and fairly.

### Media Buying Agencies of Record

Management of the government media buying agency of record (AOR) contract is another major function of the ARB. This includes the development of a detailed annual media planning manual for distribution to government clients and advertising services suppliers, as well as the review of ministry media plans to ensure effectiveness and value for money. The ARB also manages the AOR contract for recruitment advertising, and regulatory, statutory and tender notices.

### Corporate Communications Program (CCP)

Three unique initiatives were supported with CCP funding during 2009/10, including the Ministry of Children and Youth Services *"Ontario Child Benefit"* multicultural campaign and the diverse audience component of the Ontario Tourism *"There's No Place Like This"* domestic market brand awareness advertising.

### Communications and Education Activities

The ARB continued an extensive outreach program for government communications clients in 2009/10. Activities included orientation presentations, educational seminars and training sessions on the July 2009 changes to the MBC *Procurement Directive on Advertising, Public and Media Relations, and Creative Communications Services*.

The ARB has a multiplicity of audiences:

- General public;
- Advertising and communications communities;
- Government client organization communications staff at all levels;
- MGS staff; and
- Central Agencies.

Key messages communicated to these constituents continued to focus on corporate directives, as well as ARB guidelines, processes and services.

Client communications were enhanced with the regular updating and distribution of comprehensive electronic User Guides for the contracted pools and VORs. These contain detailed information on government communications procurement policy and guidelines, as well as established ARB best practices, tools and templates to support the acquisition of services from corporate arrangements.

Work commenced on the development of a new ARB Intranet site and ongoing efforts were undertaken to populate the Ontario government creative archives (www.onarb.ca).

Additionally, support was provided to the MGS Security Services and Contingency Planning Branch to ensure the necessary security screening of contracted supplier directors and officers, and related supplier training, was successfully completed.

**Industry Relations**

A key aspect to sustaining favourable relations with the advertising, public relations and creative communications industries is the ongoing accessibility of the organization.

During 2009/10 more than 110 parties were debriefed by the ARB. Additionally, four orientation sessions were conducted with the 114 newly contracted graphic design and creative services suppliers to learn about the requirements of doing business with the Ontario government.

For the second consecutive year, the ARB was a contributing organizer and supporter of Canada's "*National Advertising Week*", a multi-day industry symposium held in January 2010. Spearheaded by the Institute of Communication Agencies, this initiative was led by a series of sessions dedicated to public sector marketing, entitled "*Leading Social Change*". Keynote speakers included Robert F. Kennedy Jr. and recognized leaders in social marketing communications and social media. More than 200 attendees were present at the *"Leading Social Change"* event, including government client organizations and representatives of the contracted advertising, public relations, and multicultural and Aboriginal marketing communications services pools.

The ARB is also a member of two highly regarded industry organizations: Advertising Standards Canada and the Association of Canadian Advertisers.

**Fiscal Performance**

The ARB financial allocation for the year totalled $1.25 million.

- Corporate Communications Program $0.63 million
- Salaries, Benefits and ODOE $0.62 million

**Staffing**

During the past year, the ARB employed five full-time staff:

- Chair
- Managing Director
- Senior Consultant/Board Secretary
- Senior Consultant
- Information Coordinator

## ARB Board

The current Board includes a full-time Chair and six part-time Private Sector Members. All are Ministerial appointments pursuant to the MBC *Government Appointees Directive*. Commencing in November 2008, the role of Vice Chair is rotated among Private Sector Members on an annual basis.

When performing work on ARB matters, Private Sector Members are remunerated at a per diem rate of $398 (the Vice Chair rate is $491). The Board Chair is a public servant and is not further compensated.

### 2009/10 Board

### Chair (Full-Time)

Michel Frappier
*(June 1, 2004 – November 1, 2012)*

### Private Sector Members (Part-Time)

Sharon Armstrong
*Vice President, Business Development – CMA Ontario*
*(October 1, 2004 – October 1, 2010)*

Barry Francis [1]
*President – Francis Communications*
*(September 1, 2004 – September 1, 2012)*

Mary Koven
*Corporate Director*
*(June 1, 2004 – June 1, 2010)*

Robert Pattillo [2]
*Executive Vice President – DundeeWealth Inc.*
*(July 1, 2004 – July 1, 2012)*

David Smith
*Executive Vice President, Partner – Mandrake*
*(October 16, 2008 – October 16, 2010)*

Kathie Viner
*Corporate Director*
*(May 28, 2007 – May 28, 2012)*

[1] *Board Vice Chair: Nov. 27, 2008 – Nov. 26, 2009* [2] *Board Vice Chair: Nov. 26, 2009 – Nov. 25, 2010*